

2018 Corporate Governance Statement

The Board has responsibility for the corporate governance of the Company and its subsidiaries (the Group) and has implemented policies, procedures and systems of control with the objective of ensuring an appropriate framework for governance outcomes that meet the expectations of stakeholders.

The Board has adopted a suite of charters and key corporate governance documents which define the policies and procedures followed by the Group. These documents can be found in the Governance section of the Group's website and are reviewed regularly to address changes in governance practices and the law.

The Group's Corporate Governance Statement references the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (3rd Edition) (the "Principles").

The Principles are outlined on the following pages, with the corresponding section of this Corporate Governance Statement addressing the Group's practices.

This statement provides an outline of the main corporate governance policies and practices the Group had in place during FY17 and how the Group's framework aligns with the Principles (unless otherwise noted).

As the Group's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be given further consideration. In view of the size of the Company and the nature of its activities, the Board considers that the current size and representation on the board is a cost effective and practical method of directing and managing the Company.

This statement has been approved by the Board of Directors of the Group and the information contained herein is correct as of 17 August 2018.

You can find further information on the Company's Corporate Governance practices and policies on our website www.toptung.com.au.

Recommendations	Compliance with recommendations
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Principle 1 – Lay solid foundations for management and oversight

<p>1.1 Role of Board and management</p>	<p>The Company has established a Board Charter which details the adopted practices and processes in relation to matters reserved for the Board's consideration and decision-making and specifies the level of authorisation provided to key management personnel.</p> <p>A copy of the Charter is available in the Governance section of the Group's website.</p>	<p>✓</p>
<p>1.2 Information regarding election or re-election of Director candidates</p>	<p>The Group carries out appropriate checks prior to appointing a new director. Shareholders are provided with all relevant information available to the Board, relevant to a decision on whether or not to elect or re-elect a Director.</p> <p>Directors appointed to a casual vacancy must stand for re-election at the next AGM. At that time, the Notice of Meeting provides shareholders with information about the director including details of relevant skills, experience and any other relevant information available to the Board. A similar approach together with disclosure of length of service is adopted for directors standing for re-election under the Company's rotation policy.</p>	<p>✓</p>
<p>1.3 Written contracts of appointment</p>	<p>The Group has a written agreement with all non-executive directors which sets out the terms and conditions associated with their office.</p> <p>The Group entered into an Employment Agreement with the Executive Chairman, Dr Leon Pretorius, the key aspects of which are disclosed in the Remuneration Report contained within the Annual Report. This agreement was in place during the year ended 30 June 2018.</p>	<p>✓</p>

Principle 1 – Lay solid foundations for management and oversight (continued)

- 1.4 Company Secretary** The Company Secretary is accountable directly to the Board, through the Chair and independent directors, on all matters associated with the proper functioning of the Board and adherence to good corporate governance practices. ✓
- The details and qualifications of the Company Secretary are set out in the Directors' Report which is part of the Annual Report.
- All directors have access to the advice and services of the company secretary.
- 1.5 Diversity and inclusion** The Group's Diversity Policy is disclosed on the Group's website and sets out the principles and commitment in relation to maintaining a diverse employee base within the Group. ✗
- The Group has not set measurable objectives for achieving gender diversity due to the size and current level of activities. The Board does however continue to monitor diversity across the operations and will decide at some point in the future when it is appropriate to set such objectives. The total proportion of males and females across the organisation is listed in the table below:
- Gender diversity statistics as at 30 June 2018 are outlined in the table below.
- | Category | Men | Women |
|---|-----|-------|
| Non-executive directors | 2 | - |
| Executive Chairman | 1 | - |
| Number of contractors involved in the management of the company | - | 2 |
- 1.6 Board reviews** The Board undertakes an evaluation process in November each year to assess its performance. The assessment involved the chairman meeting with each non-executive director separately to discuss individual performance and ideas for improvement and also the Board as a whole discussing and analysing its own performance during the year including suggestions for change or improvement. ✓
- 1.7 Management reviews** The Management Team consists of the Executive Chairman with assistance on financial and corporate compliance matters by the Company Secretary. The annual performance review of the Group's management is undertaken at the same time as the performance assessment of the Board outlined above. ✓

Principle 2 – Structure the board to add value

- 2.1 Nominations committee** The Board has not established a Nomination Committee but does have a Nomination Charter. The roles and responsibilities are set out in the Group's Nominations Charter and these are currently overseen by the full Board. ✗
- The Board shall, upon the Group reaching the requisite corporate and commercial maturity, consider the constitution of a Nomination Committee to assist the Board in relation to the appointment of directors and senior management.
- 2.2 Board skills matrix** The skills, knowledge and experience set out in the table below have been identified as those that are required for the effective management of the Group. The Board possesses broad coverage of these skills and attributes. Further details regarding the skills and experience of each Director are included in the 2018 Annual Report. ✓
- Skills Matrix**
- The skills were determined by what is considered important for the management of a publicly listed company and specific to the industry in which the Group operates.

Principle 2 – Structure the board to add value

2.2 Board skills matrix (continued)

The following table sets out the experience and skills deemed necessary or desirable by the Board, in the Group's Directors and whether they are represented on the Board.

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Competency	Representation of skills held by directors
Management Skills	3 Directors
Sector Experience.	3 Directors
Operations	3 Directors
Finance and risk	3 Directors
People	3 Directors
Tertiary qualifications	3 Directors

2.3 Disclose independence and length of service

The Group currently has a three member Board, of which one is an independent Non-executive Directors. Together, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the Group and its business.

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Details of their individual skills and experience are set out in the 2018 Annual Report.

Board composition

Board	Date appointed	Independent
Leon Pretorius Executive Chairman	11 November 2014	No
Charles Thomas Non-Executive	23 April 2018	No
Martin Kavanagh Independent Non-executive	27 April 2016	Yes

2.4 Majority of Directors independent

In accordance with the Board Charter which is contained within the Charter and available on the Group's website, a Director is considered independent if the Director is independent of management and free of any business or other relationship that could materially interfere, or be perceived as interfering, with the exercise of an unfettered and independent judgment in relation to matters concerning the Group.

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One of the three Board members are considered to be independent – Martin Kavanagh. Leon Pretorius is an executive chairman and therefore not considered independent. Charles Thomas is a director of GTT Corporate Advisory, who provide corporate advisory services to the Group.

The decision as to whether a Director is independent is a decision made by the Board.

The Board shall, upon the Group reaching the requisite corporate and commercial maturity, consider the appointment of an additional independent Director.

2.5 Chair independent

The Company's Chairman, Dr Leon Pretorius, does not meet the ASX Corporate Governance assessment criteria for independence due to his role as an executive and his substantial shareholding in TopTung Limited.

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The Board shall, upon the Group reaching the requisite corporate and commercial maturity, consider the appointment of an independent Chair.

Principle 2 – Structure the board to add value (continued)

2.6 Induction and professional development	<p>On initial appointment, directors will have the benefit of an induction program aimed at deepening their understanding of the Group, its business and objectives, and the environment and markets in which the Group operates. As part of the program, directors will receive essential Board and Group information and be given briefings by management.</p> <p>As part of the induction process new directors will be asked to complete a self-assessment of their capabilities and competencies to determine areas where further development will be beneficial in contributing to the Board's performance. Development in these areas will then be considered and discussed with the new director by the Chairman and form part of the input to the Board skills matrix.</p> <p>In order to develop and maintain the skills and knowledge required to perform their role, all Directors are encouraged to undertake continuing professional development in their fields of expertise. Directors will be granted reasonable access to resources and training in order to address any identified skills gap based on developments in the industry and environment in which the Company operates.</p>	✓
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Principle 3 – Act ethically and responsibly

3.1 Code of conduct	<p>The Group has a Code of Conduct for Directors, senior executives, employees, consultants and contractors, which set out the fundamental principles of business conduct expected by the Group. The Code of Conduct is available on the Group's website.</p>	✓
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Principle 4 – Safeguard integrity in corporate reporting

4.1 Audit committee	<p>Due to the size and nature of the Group, the Board has not established a separate Audit Committee. Currently the full Board performs this role.</p> <p>The Board has approved a Charter for the Audit & Risk Management Committee which sets out the processes to be followed by the Board or the committee should this be formed at some point in the future.</p> <p>The Audit and Risk Management Committee Charter can be found on the Company's website.</p>	✗
4.2 MD and CFO certification of financial statements	<p>The Executive Chairman and Chief Financial Officer provide a statement to the Board and Audit Committee in advance of seeking approval of any financial report to the effect that the Group's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects. In accordance with the above, the Board has received a written assurance that the declaration provided under section 295A Corporations Act is based on a sound system of internal control and risk management, which is operating effectively in all respects in relation to material business risks and financial reporting.</p>	✓
4.3 External auditor attends AGM	<p>The Group's auditor, BDO attends the AGM each year and is available to answer questions.</p>	✓

Principle 5 – Make timely and balanced disclosure

5.1 Disclosure policy	<p>The Group has adopted a Continuous Disclosure Policy which sets out the processes and practices to ensure compliance with the continuous disclosure requirements under the ASX Listing Rules and the Corporations Act. A copy of the policy and guidelines are available on the Group's website.</p>	✓
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Principle 6 – Respect the rights of security holders

6.1	Publicly available information accessible on website	<p>The Group's website contains extensive information on the Group, its history and business activities and information relevant to investors as set out in the guidelines.</p> <p>Investors may access copies of ASX announcements, notices of meeting, investor presentations and annual reports, as well as general information about the Group, on the Group's website.</p>	✓
6.2	Investor relations programs	<p>The Board strives to ensure that security holders are provided with sufficient information to assess the performance of the Group and its Directors and to make well-informed investment decisions.</p> <p>The Board recognises the importance of regular and proactive interaction with the market in order to ensure the Company's investors remain fully informed about its activities. As well as market announcements, this interaction can be in the form of group or one-on-one briefings with investors and analysts, and presentations at industry conferences.</p> <p>While the Company aims to provide sufficient information to security holders about the Group and its activities, it understands that security holders may have specific questions and require additional information. Security holders can obtain all relevant information to assist them in exercising their rights by contacting the Company at its principal place of business by either telephone, facsimile or email.</p>	✓
6.3	Facilitate participation at meetings of security holders	<p>Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual financial reports. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings (AGMs) of TopTung Limited and are able to appoint proxies. An opportunity is also provided to engage with the Board and management on publicly available information at conclusion of the AGM.</p>	✓
6.4	Facilitate electronic communication	<p>Shareholders with access to the internet are encouraged to register with the Company's share registry (www.linkmarketservices.com.au) or on the Company's website in order to receive electronic notification when market sensitive information is released on the ASX platform. This electronic mail-out to shareholders is managed by the Company once the release has appeared on the ASX platform. Shareholders are also encouraged to register with the share registry, Link Market Services, in order to receive shareholder related information electronically, including Annual Reports and Notice of Shareholder Meetings. This is regarded by the Company as the most cost-effective approach for corporate information release and registry related activity.</p>	✓

Principle 7 - Recognise and manage risk

7.1	Risk committee	<p>Due to the size and nature of the Group, the Board has not established a separate Risk Management Committee. Currently the full Board performs this role.</p> <p>The Charter for the Audit & Risk Management Committee is included on the Company's website.</p> <p>The Board is responsible for ensuring that adequate policies in relation to risk management, compliance and internal controls are in place.</p> <p>The Group's Risk Management Policy in place during the reporting period is on the Company's website.</p>	✗
7.2	Annual risk review	<p>The Board is responsible for the oversight and management of risk, including the identification of material business risks on an ongoing basis.</p> <p>A review of material business risks has been conducted in the current period, which concluded that controls over risk management processes were adequate and effective.</p>	✓

Recommendations**Compliance with recommendations****Principle 7 - Recognise and manage risk (continued)**

7.3 Internal audit The Company does not believe it is of a size that warrants an internal audit function. However, the Board and management maintain the required level of assurance through a sound system of internal controls which is monitored by the Board. ✓

7.4 Sustainability risks The Group is focused on the resource delineation and exploitation of the Torrington tungsten and topaz deposits in Northern New South Wales. As there is a potential for material exposure to economic, environmental and sustainability risks this is detailed further below: ✓

Economic

The Company is exposed to the global commodity price for tungsten as well as community sentiment towards mining. In this regard the Company monitors the market fundamentals, government policy and community feedback.

Key economic risk exposures managed under the Risk Management Policy relate to regulatory, funding, dependency on key personnel and data management.

Environmental

As a minerals explorer, the Company is committed to undertaking its programme of geological and geochemical testing in a responsible manner and in accordance with the regulations specified by the Department of Industry (Division of Resources and Energy). Ground disturbances arising from fieldwork are rehabilitated in accordance with the approved activities.

The Group has developed an Environmental Policy which can be found on the website.

Social Responsibility (sustainability)

The Group operates in State Forest and on Private Land with the consent of the owners and maintains an ongoing dialogue regarding planned activities.

The Group is exposed to Occupational Health & Safety risks associated with its exploration activities. An Occupational Health & Safety Policy together with Standard Operating Procedures have been developed including site inductions and management plans in order to minimise the risk of harm to employees, contractors and the public once drilling activities commence.

A key social responsibility risk managed under the Risk Management Policy is the 'social licence to operate' from the local council and community, the Group's employees and other stakeholders. In addition, the Group has identified the reputational risk of operating as a responsible corporate citizen.

Principle 8 - Remunerate fairly and responsibly

8.1 Remuneration committee The Board has not established a separate Remuneration Committee. The Board considers that given its size, no efficiencies or other benefits would be gained by establishing such a committee. The role of the Remuneration Committee is carried out by the full Board with any members interested in the matters being discussed excusing themselves from the discussion. ✗

Principle 8 - Remunerate fairly and responsibly (continued)

8.2 Disclosure of Executive and Non-Executive Director remuneration policy	<p>The Group seeks to attract and retain high performing Directors and Executives with appropriate skills, qualification's and experience to add value to the Group and fulfil the roles and responsibilities required. Further details of the Group's remuneration methodologies are set out in the 2017 Annual Report.</p> <p>The non-executive directors are entitled to draw directors' fees and receive reimbursement of reasonable expenses for attendance at meetings. Shareholder approval for any share based remuneration linked to options is obtained in accordance with the ASX Listing Rules.</p> <p>Senior executives of the Company sign employment or contractor agreements at the time of their appointment covering matters including duties, responsibilities and entitlements.</p> <p>The Company discloses in its Annual Report (Remuneration Report section) details of remuneration of Key Management Personnel which includes directors and senior executives.</p>	✓
8.3 Policy on hedging equity incentive schemes	<p>The Company has a Trading Policy which prohibits the use of derivatives. The Policy is included on the Company's website.</p>	✓